

# HOUSE BILL No. 1391

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-3-3.

**Synopsis:** Credit for income taxes paid to another state. Provides that the maximum income tax credit that an Indiana resident may take for income taxes paid to another state includes the Indiana local option income tax rate in addition to the Indiana state adjusted gross income tax rate (applies when the state of employment does not have a reciprocity agreement with Indiana).

**Effective:** January 1, 2016.

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January 14, 2015, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1391

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3-3-3 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JANUARY 1, 2016]: Sec. 3. (a) Whenever a resident  
3 person has become liable for tax to another state upon all or any part of  
4 ~~his~~ **the person's** income for a taxable year derived from sources  
5 without this state and subject to taxation under IC 6-3-2 **and IC 6-3.5**,  
6 the amount of tax paid by ~~him~~ **the person** to the other state shall be  
7 credited against the amount of the **state adjusted gross income** tax  
8 **and local option income tax** payable by ~~him~~ **the person**. ~~Such~~ **The**  
9 credit shall be allowed upon the production to the department of  
10 satisfactory evidence of the fact of ~~such~~ **the** payment, except that ~~such~~  
11 **the** application for credit shall not operate to reduce the tax payable  
12 under IC 6-3-2 **and IC 6-3.5** to an amount less than would have been  
13 payable were the income from the other state ignored. The credit  
14 provided for by this subsection shall not be granted to a taxpayer when  
15 the laws of the other state, under which the adjusted gross income in



1 question is subject to taxation, provides for a credit to the taxpayer  
2 substantially similar to that granted by subsection (b).

3 (b) Whenever a nonresident person has become liable for tax to the  
4 state where ~~he the person~~ resides upon ~~his the person's~~ income for the  
5 taxable year derived from sources within this state and subject to  
6 taxation under IC 6-3-2, the proportion of tax paid by ~~him the person~~  
7 to the state where ~~he the person~~ resides that ~~his the person's~~ income  
8 subject to taxation under IC 6-3-2 bears to ~~his the person's~~ income  
9 upon which the tax so payable to the other state was imposed shall be  
10 credited against the tax payable by ~~him the person~~ under IC 6-3-2, but  
11 only if the laws of the other state grant a substantially similar credit to  
12 residents of this state subject to income tax under the laws of ~~such the~~  
13 other state, or impose a tax upon the income of its residents derived  
14 from sources in this state and exempt from taxation the income of  
15 residents of this state. No credit shall be allowed against the amount of  
16 the tax on any adjusted gross income taxable under IC 6-3-2 that is  
17 exempt from taxation under the laws of the other state.

18 SECTION 2. [EFFECTIVE JANUARY 1, 2016] **(a) IC 6-3-3-3, as**  
19 **amended by this act, applies to taxable years beginning after**  
20 **December 31, 2015.**

21 **(b) This SECTION expires January 1, 2019.**

